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MEMORANDUM

To: Water Quality Control Commission
Trisha Oeth, Administrator, WQCC

From: Tammy Allen, Manager, Restoration and Protection Unit, WQCD
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Date: April 25, 2018

Subject: Final Recommendation for the FY2018 Nonpoint Source Funding Cycle

Introduction

This memorandum provides the Water Quality Control Division's (division's) recommendations to the Water Quality Control Commission (commission) for the 2018 Nonpoint Source (NPS) funding. Every year, the U.S. Environmental Protection Agency (EPA) awards the state approximately \$2,000,000 for implementing the Clean Water Act (CWA) Section 319 NPS program. In addition to staffing and other NPS programmatic support, the state, through the commission and the division, distributes this award to local entities for projects that address NPS pollution. For the 2018 funding year, the division recommends five NPS implementation projects, as well as the NPS mini grant program and other programmatic support that promotes measuring results, outreach and information sharing.

Background

The division's NPS workgroup relies on two primary guidance documents as the foundation for distributing the annual CWA Section 319 NPS grant. The first is federal guidance from EPA (*Nonpoint Source Program and Grants Guidelines for States and Territories*, 2013) and the second is the commission-approved *Colorado Nonpoint Source Program 2012 Management Plan* (NPS Management Plan).

The EPA guidance identifies umbrella priorities for use of 319 funding and talks about integration of 319 funding with other water quality programs. The guidance also discusses eligibility factors that must be considered in the distribution of the grant and defines how the grant must be allocated. All of the guidance information is important to how the NPS workgroup announces the annual funding opportunity and how applications received are evaluated (the 2018 Request for Applications NPS Funding Announcement is available at www.npscolorado.com). Of particular importance is the required allocation of the grant funds between project and program work as discussed in the EPA guidance. NPS funds must be allocated as follows:

- Watershed projects receive 50% of the funds. These funds are directed specifically to on-the-ground implementation projects addressing nonpoint source impaired segments discussed in a watershed-based plan.



- Programmatic projects receive 50% of the funds. These funds are used for all programmatic activities such as staffing, watershed plans, outreach and education and statewide sampling and assessment of results.

The NPS workgroup must also distribute the CWA Section 319 NPS grant consistently with the NPS priorities identified in the NPS Management Plan. The NPS Management Plan priorities are based to a large extent on the primary causes of nonpoint source impairments as identified in the Integrated Report and geographically-defined target basins tied to the triennial review rotating basins. These NPS Management Plan priorities are reflected in the funding announcement and are important to the criteria used to evaluate proposals.

The current NPS Management Plan identifies two primary causes of nonpoint source impairments as priorities for 2012 - 2017: metals associated with legacy mining; and selenium associated with anthropogenic activities. The NPS Management Plan also discusses addressing nonpoint sources of pathogens and nutrients as priorities and recognizes the importance of protecting waters that are not already impaired in addition to restoring those that are impacted.

2018 NPS Funding Announcement

The 2018 funding announcement process began with the NPS workgroup conducting outreach and discussing project ideas at the Sustaining Colorado Watersheds Conference in October 2017. The NPS workgroup also hosted in October 2017 an informal consultation with interested NPS project sponsors to discuss NPS project ideas and conducted followup discussions with several project sponsors throughout November 2017.

The NPS funding announcement itself was released in November 2017. The Request for Applications (RFA) solicited watershed implementation projects that would construct Best Management Practices (BMPs) identified in EPA Nine Elements Watershed-Based Plans in order to restore waterbodies impaired by nonpoint sources of selenium, pathogens, sediment and/or nutrients. The RFA also included watershed implementation projects that would implement BMPs identified in EPA Nine Element Watershed-Based Plans or equivalent water quality management plans in order to protect waterbodies from further degradation due to nonpoint sources of pollution.

Four applications were received before the February 2018 deadline with a total NPS funding request of \$830,914. Three of the applications proposed implementation projects to restore waterbodies impaired by nonpoint sources of *E. coli* and stressors contributing to aquatic life impacts including sedimentation. One of the applications proposed an implementation project to protect waterbodies not already impaired from additional degradation due to nonpoint sources of sediment. The proposed projects are in the Colorado, South Platte and Yampa river basins.

The NPS workgroup performed an initial screening of the applications in February to determine eligibility. All projects met the eligibility requirements defined in the funding announcement. In February and March the applications were made available for review and comment by NPS Alliance members and EPA Region 8. Input from the NPS Alliance members and EPA staff was considered as the NPS workgroup evaluated the applications based on the criteria in the funding announcement.

As part of evaluating proposals and in consultation with EPA, the NPS workgroup also considered the estimated 2018 CWA Section 319 NPS grant funding allocation in order to project the potential distribution of funds between NPS programs and watershed implementation projects. This estimation was the basis for the NPS workgroup's initial funding recommendation. EPA has since provided more certainty about Colorado's 2018 319 funding level which is the basis for the distribution detailed in

the table below. The actual funding for each of the recommended projects will be determined after receipt of the grant award in September 2018 and negotiation of final project implementation plans and contracts.

Initial FY18 CWA Section 319 NPS Funding Allocation -- \$2,010,000		
	Program Funds	Watershed Project Funds
50/50 split	\$1,005,000	\$1,005,000
Less staffing	\$750,000	\$0
Estimated funds remaining	\$255,000	\$1,005,000
Less estimated 1.5% indirect costs	\$3,825	\$15,075
Estimated funds available	\$251,175	\$989,925

Because the watershed projects funds requested through the four applications received is slightly less than the estimated funds available, the NPS workgroup consulted with its partners and identified construction of BMPs in the Lower Arkansas as a fifth watershed implementation project to support should funding be available. This implementation project opportunity would advance our partnership with the Colorado Department of Agriculture and the momentum we have gained in constructing BMPs in the Lower Arkansas to reduce nonpoint sources of selenium.

In addition to evaluating the watershed implementation project applications, the NPS workgroup also assessed, in consultation with EPA, priority program needs discussed in the NPS Management Plan in order to prioritize program activities for funding recommendation. Based on the four implementation project applications received and the additional implementation and program opportunities identified, the NPS workgroup drafted an initial funding recommendation which was made available for public comment on the commission's website on April 6, 2018. No public comments were received.

Recommendations

On behalf of the division, the NPS workgroup recommends funding the four implementation projects proposed by local sponsors and selenium BMP implementation by the Colorado Department of Agriculture. The NPS workgroup also recommends for program funding: on-going outreach, education and information sharing in collaboration with our partners, including the NPS mini grant program; the measurable results program; technical assistance at abandoned mine lands sites; and on-going watershed planning and implementation tool development on Colorado State University's eRAMS platform. Specific information about these recommended projects is provided in the attachment, including estimated funding levels. Actual funding levels will be determined after final federal award of the grant funds and as each project sponsor develops final, EPA-approved project implementation plans and budgets.

FY2018 NPS Funding Cycle Recommendation
Attachment

	Sponsor	Projects/Programs	Basin	Program Funds*	Watershed Project Funds*	Match**	Project Total
1	Groundwork Denver	Residential Education and Improvements to Reduce Nonpoint Source Pollution in Lower Bear Creek	South Platte		\$96,314	\$102,989	\$199,303
2	Little Thompson Watershed Coalition	Little Thompson and St. Vrain Watershed Resilience Initiative, Nonpoint Source Pollution Project	South Platte		\$300,000	\$247,000	\$547,000
3	Town of Vail	Restore the Gore - Westhaven Drive Nonpoint Source Treatment Project	Colorado		\$134,600	\$95,250	\$229,850
4	U.S. Forest Service	First Creek Stream and Riparian Restoration	Yampa		\$300,000	\$278,366	\$578,366
5	Colorado Department of Agriculture	Implementation of Best Management Practices in the Lower Arkansas River Valley	Arkansas		\$159,011	\$106,007	\$265,018
6	Various	NPS Outreach and Mini-Grant Program	Statewide	\$77,000		\$51,333	\$128,333
7	Various	NPS Measurable Results Program	Statewide	\$15,000		\$10,000	\$25,000
8	Various	NPS Abandoned Mine Lands Program	Statewide	\$75,000		\$50,000	\$125,000
9	Colorado State University	NPS Watershed Planning and Tool Development Program	Statewide	\$84,175		\$56,117	\$140,292

*The actual funding for each of the recommended projects will be determined after receipt of the grant award in September 2018 and negotiation of final project implementation plans and contracts.

**There is a 40% match requirement for 319-funded projects; all applications received proposed projects with match that exceeds this 40% requirement.

Project Descriptions

1. Residential Education and Improvements to Reduce Nonpoint Source Pollution in Lower Bear Creek

This project reduces nonpoint source pollution from residential properties in the Bear Creek Watershed through property-specific runoff improvements and face-to-face education, a non-structural best management practice (BMP) referenced in the “Lower Bear Creek Watershed Plan” (2014). The runoff improvements and education approach will be identified based on results from the first phase of the project which is nearing completion. The Lower Bear Creek has been prioritized by the Water Quality Control Division for an E. coli Total Maximum Daily Load (TMDL), and the targeted area for this project is adjacent to the creek just downstream from where recent data indicate E. coli goes from acceptable standards to above-acceptable standards. While E. coli is the priority pollutant, nutrient and metals samples will also be collected. Trash data near the BMPs will also be collected as a surrogate measure of effectiveness of the non-structural BMPs.

2. Little Thompson and St. Vrain Watershed Resilience Initiative, Nonpoint Source Pollution Project

The Little Thompson and St. Vrain Creek Watershed Coalitions are partnering to sponsor an initiative to look at water quality needs and issues, planning and implementation in both the Little Thompson and St. Vrain Creek Watersheds. In collaboration with a stakeholder group, this project will identify potential best management practices (BMPs) and priority opportunities (including geographic location and stakeholder and community involvement) to implement BMPs to address nonpoint sources impacting water quality which will be evaluated as part of a water quality assessment completed in 2018. The project will also include construction of two BMPs in cooperation with the Big Thompson Conservation District to demonstrate effectiveness at reducing nonpoint source pollution to the river system. The project will include developing a collaborative, science-based monitoring and adaptive management strategy, structure, and process to ensure continuous learning and informed decision-making throughout the implementation of the resilience initiative.

3. Restore the Gore - Westhaven Drive Nonpoint Source Treatment Project

The Westhaven Drive Stormwater Treatment Project (the project) will be completed through a partnership between the Town of Vail and Hotel Talisa. Hotel Talisa is a major commercial lodging property with a parking garage on an 11 acre campus that straddles both banks of Gore Creek. The project seeks to remove sediment from stormwater discharged from Interstate 70, the South Frontage Road, the Hotel Talisa parking structure and Westhaven Drive into Gore Creek via stormwater conveyances. At this time, stormwater from this drainage flows into Gore Creek untreated. The project will incorporate lessons learned from other stormwater mitigation projects completed in Vail and will utilize BMPs, including a continuous deflective separation unit and/or BMP snouts and University of Minnesota St. Anthony Falls Laboratory baffles.

4. First Creek Stream and Riparian Restoration

A combination of historic cattle and sheep grazing, vegetation manipulation, homesteading, logging and mining set the stage for the current degraded condition of the upper Elkhead Creek watershed, including First Creek. The result has been channel incision and associated bank erosion and loss of connection with the historic floodplain. The goal of this project is to restore 3.1 miles of First Creek

to improve water quality. The objectives are to i) reduce erosion rates, ii) reduce stream temperature, iii) decrease width to depth ratios, iv) reconnect the stream with its floodplain and v) improve habitat for Colorado River cutthroat trout and other native species. Active restoration will focus on stabilizing streambanks and reconnecting the stream and floodplain through a combination of 1) raising channel bed elevations and regrading floodplains, 2) constructing a new channel through the historic floodplain and 3) planting riparian vegetation. Passive restoration will include livestock enclosure fences.

5. Implementation of Best Management Practices in the Lower Arkansas River Valley

This project will build from BMP implementation already occurring in the Lower Arkansas River Valley to reduce nonpoint sources of selenium. Irrigation efficiency, pond and canal lining and cover crops are potential BMPs that will be utilized. Water quality monitoring will be conducted to evaluate BMP effectiveness.

6. NPS Outreach and Mini-Grant Program

Projects funded under this program ensure effective statewide distribution of NPS program information through websites, newsletters, fact sheets and events. The program also supports small, locally-sponsored outreach and education projects that range from conferences and events to bike tours and exploring opportunities to form watershed groups.

7. NPS Measurable Results Program

Projects funded under this program support data collection, data analysis and information evaluation in order to demonstrate results from the projects and program activities funded through the CWA Section 319 NPS grant.

8. NPS Abandoned Mine Lands Program

Projects funded under this program provide technical assistance in support of evaluating and reducing impacts to water quality caused by nonpoint sources of pollution from abandoned mine lands.

9. NPS Watershed Planning and Tool Development Program

Projects funded under this program promote watershed planning and tool development that supports watershed planning and implementation such as the Watershed Rapid Assessment Program tools on Colorado State University's eRAMS platform.